

Message Text

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ACTION EB-08

INFO OCT-01 AF-10 ARA-10 EA-10 IO-13 ISO-00 GSA-02

EUR-12 NEA-10 L-03 FRB-03 OMB-01 ITC-01 SP-02

USIA-06 AGRE-00 AID-05 CIAE-00 COME-00 INR-07

LAB-04 NSAE-00 OIC-02 SIL-01 STR-05 TRSE-00

CEA-01 SS-15 OES-07 FEA-01 INT-05 /145 W

-----093070 300406Z /14

R 291843Z SEP 77

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 5324

INFO AMEMBASSY JAKARTA

AMEMBASSY KINSHASA

AMEMBASSY LIMA

AMEMBASSY SANTIAGO

USMISSION GENEVA

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EO 11652: N/A

TAGS: EMIN, IEGC, UNCTAD, MX

SUBJECT: UNCTAD/COPPER: ASSESSMENT OF MEXICAN VIEWS

REF: STATE 176730

1. SUMMARY. EMBASSY OFFICERS HAVE DISCUSSED WITH PRIVATE PRODUCERS AND GOM OFFICIALS THE POSSIBILITY OF MEXICAN PARTICIPATION IN A COMMODITY AGREEMENT FOR COPPER BASED ON BUFFER STOCK AND SUPPLY CONTROLS. GENERAL FEELING AMONG GOM OFFICIALS IS THAT MEXICO COULD AND PROBABLY WOULD PARTICIPATE WHILE PREVAILING ATTITUDE IN PRIVATE SECTOR IS THAT PARTICIPATION WOULD BE DIFFICULT. MOST SALIENT POINT ARISING FROM DISCUSSIONS IS THAT NOBODY IN MEXICO HAS GIVEN MUCH THOUGHT TO THE QUESTION AND CURRENT ATTITUDES OF GOM OFFICIALS COULD VERY WELL CHANGE ONCE THEY HAVE CLEARLY FOCUSED ON IMPLICATIONS.

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END SUMMARY.

2. IN ORDER TO DETERMINE MEXICAN ATTITUDES TOWARD POSSIBLE PARTICIPATION IN A COMMODITY AGREEMENT FOR COPPER BASED ON BUFFER STOCK AND SUPPLY CONTROLS, EMBASSY OFFICERS DISCUSSED MATTER WITH SEVERAL KEY GOVERNMENT OFFICIALS AND MEMBERS OF PRIVATE SECTOR. AMONG GOVERNMENT OFFICIALS

CONTACTED WERE JORGE LEIPEN GARAY, UNDER SECRETARY FOR IRON AND STEEL AND NON-RENEWABLE RESOURCES IN SECRETARIAT OF PATRIMONY; HUGO DIAZ THOME, DIRECTOR GENERAL OF INTERNATIONAL ECONOMIC AFFAIRS IN SECRETARIAT OF FOREIGN RELATIONS; ABEL GARRIDO, DIRECTOR GENERAL OF INTERNATIONAL COMMERCIAL NEGOTIATIONS IN SECRETARIAT OF COMMERCE; AND, MARCELO ARAMBURU, TECHNICAL ADVISOR ON MINING IN SECRETARIAT OF COMMERCE. IN PRIVATE SECTOR, DISCUSSIONS WERE HELD WITH RICARDO ROJO, DIRECTOR OF INTERNATIONAL COORDINATION IN INDUSTRIAS PENOLES, AND CARLOS H. KINKEL, DIRECTOR GENERAL OF MEXICAN COPPER ASSOCIATION.

3. BOTH GARRIDO OF COMMERCE AND DIAZ THOME OF FOREIGN RELATIONS INDEPENDENTLY SAID THAT MEXICO WOULD PROBABLY BE WILLING TO PARTICIPATE IN AN AGREEMENT ALTHOUGH IT WAS OBVIOUS THAT NEITHER OF THEM HAD GIVEN THE MATTER PREVIOUS THOUGHT. GARRIDO STRESSED THE POINT THAT MEXICO WOULD ATTEMPT TO ESTABLISH AN OVERALL TRADE POLICY RATHER THAN LOOK AT EACH COMMODITY SEPARATELY. BOTH INDICATED THAT MEXICO WAS DEFINITELY NOT INTERESTED IN ACTIVELY PUSHING FOR A COPPER AGREEMENT. DIAZ THOME MADE THE POINT THAT THE SECRETARIAT OF FOREIGN RELATIONS WOULD COORDINATE GOM POLICY ON THE MATTER, WHILE GARRIDO DENIED THAT FOREIGN RELATIONS WOULD PLAY ANY ROLE AT ALL. GARRIDO SAID THAT COMMERCE WOULD PLAY THE MAJOR ROLE IN THE NEGOTIATIONS. BOTH ATTRIBUTED TO THE SECRETARIAT OF PATRIMONY LIMITED OFFICIAL USE

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THE PRIMARY ROLE IN CONTROL OF LOCAL PRODUCTION. GARRIDO POINTED OUT THAT MEXICO'S POSITIONS AT GENEVA SHOULD NOT BE TAKEN AS REFLECTION OF GOM POLICY SINCE THE PREVIOUS REPRESENTATIVE (BARONA) DID NOT RECEIVE INSTRUCTIONS ON COPPER FROM MEXICO CITY. LEIPEN, FROM PATRIMONY, APPEARED TO BE UNCONCERNED ABOUT THE FUTURE OF COPPER PRICES, EXPRESSING THE OPINION THAT THE CURRENT CYCLICAL PHASE OF DEPRESSED PRICES WILL PASS IN TIME THROUGH NORMAL MARKET CHANGES. HE FURTHER SAID THAT HE DOES NOT BELIEVE IN THE USE OF INTERNATIONAL CONTROL SCHEMES FOR PRICES OF NATURAL RESOURCES. HE, TOO, GAVE THE IMPRESSION THAT HE HAD NOT YET FOCUSED ON THE INTERNATIONAL COPPER MARKET AND UNCTAD DISCUSSIONS. TECHNICAL ADVISOR ARAMBURU, OF COMMERCE, WAS NOT UNFAVORABLE TOWARD BUFFER STOCK IDEA IN GENERAL TERMS, BUT WOULD NOT COMMIT HIMSELF TO ANY POSITIVE STATEMENT REGARDING COPPER.

4. IN THE PRIVATE SECTOR, KINKEL OF MEXICAN COPPER ASSOCIATION FELT THAT MEXICAN PARTICIPATION IN AN AGREEMENT NOW WOULD POSE NO PARTICULAR PROBLEMS, BUT IT COULD IMPOSE UNACCEPTABLE CONSTRAINTS AFTER A COUPLE OF YEARS. HE POINTED OUT THAT DUE TO MEXICO'S LIMITED REFINING

CAPACITY (WITH ONLY ONE REFINERY AT THE PRESENT TIME)
LARGE EXPORTS WILL BECOME A NECESSITY AFTER THE NEW LA
CARIDAD MINE GOES INTO PRODUCTION. (EMBASSY ESTIMATES
THAT PRODUCTION OF CONCENTRATES WILL BEGIN IN 1978.)
ROJO, OF PENOLES, ALSO EXPRESSED RESERVATIONS ABOUT
MEXICO'S ABILITY TO PARTICIPATE IN AN AGREEMENT WHICH
WOULD RESTRICT PRODUCTION AND EXPORTS.
5. BELIEVE IT WOULD BE DIFFICULT TO PREDICT ULTIMATE GOM
POSITION ON AGREEMENT AT THISTIME SINCE POLICY HAS
OBVIOUSLY NOT BEEN FORMULATED OR EVEN CONSIDERED. OUR
INQUIRIES MIGHT VERY WELL HAVE SERVED TO HASTEN THAT
PROCESS. LUCEY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Current Classification: UNCLASSIFIED
Concepts: COPPER, LESS DEVELOPED COUNTRIES, POLICIES, COMMODITY AGREEMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 29-Sep-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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